

## **Dompe Pradeshiya Sabha**

### **Gampaha District**

#### **1. Financial Statements**

##### **1.1 Presentation of Financial Statements**

The financial statements for the year under review had been presented to audit on 28 March 2012 and the financial statements for the preceding year had been presented on 14 March 2011. The report of the Auditor General for the year under review was issued to the Chairman of the Sabha on 11 January 2013.

##### **1.2 Opinion**

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the Dompe Pradeshiya Sabha had maintained proper accounting records for the year ended 31 December 2011 and except for the effects on the financial statements of the matters referred to in my report forwarded to the Chairman, the financial statements have been prepared in accordance with Generally Accepted Accounting Principles and give a true and fair view of the state of affairs of the Dompe Pradeshiya Sabha as at 31 December 2011 and the financial results and cash flow statements of its operations for the year then ended.

##### **1.3 Comments on Financial Statements**

###### **1.3.1 Accounting Deficiencies**

The following observations are made.

- a. The cost of Rs.65,553,774 of the newly constructed shopping complex and the office building and the sum of Rs.1,415,184 spent for consultancy fees and other fittings had not been capitalized.
- b. A sum of Rs.1,950,101 spent for obtaining a telephone system and furniture for the new office building had not been capitalized.
- c. The value of furniture amounting to Rs.2,282,514 purchased at 02 instances had been accounted under other equipment.

- d. The Tractor Trailer bearing No.RV8822 received as a donation during the year 2007 had not been valued and accounted for even during the year under review.
- e. The balance of refundable deposits amounting to Rs.19,205,071 included deposits settled amounting to Rs.3,038,490 relating to 08 works.
- f. A sum of Rs.5,933,458 receivable from the Divisional Secretary, Dompe for 07 Gama Neguma Projects implemented during the year under review had not been brought to accounts.
- g. The motor vehicles and cart accounts had been understated by Rs.1,128,324.

### **1.3.2 Unreconciled Control Accounts**

The total of the balances relating to 05 items of accounts was Rs.104,274,443 as per control accounts, whilst the total of the balances of accounts according to the subsidiary registers amounted to Rs.106,104,070.

### **1.3.3 Accounts Payable**

The creditors, balance of the year under review amounted to Rs.60,349,090 and of this, creditors amounting to Rs.24,026,840 which were 01 to 04 years old had remained unsettled.

### **1.3.4 Employees Loans**

The total of the long outstanding loans amounted to Rs.118,846.

## **2. Financial and Operating Review**

### **2.1 Financial Results**

According to the financial statements presented, the excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2011 amounted to Rs.22,020,900 as compared with the excess of revenue over recurrent expenditure amounting to Rs.29,053,903 for the preceding year.

**2.2 Internal Audit**

An adequate internal audit had not been carried out in the institution.

**3. Systems and Controls**

Special attention is needed in respect of the following areas of systems and controls.

- a. Accounting
- b. Assets Management
- c. Control over Contracts
- d. Stock Control